



## Filing Receipt

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**PROJECT NO. 51840**

<b>RULEMAKING TO ESTABLISH</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>ELECTRIC WEATHERIZATION</b>	<b>§</b>	
<b>STANDARDS</b>	<b>§</b>	<b>OF TEXAS</b>

**COMMENTS OF THE  
CONSERVATIVE TEXANS FOR ENERGY INNOVATION**

COMES NOW Conservative Texans for Energy Innovation (CTEI) and files these comments in response to the proposed addition of 16 Texas Administrative Code (TAC) § 25.55 as published by the Public Utility Commission of Texas (Commission or PUCT) in the Texas Register on September 10, 2021.<sup>1</sup>

CTEI is a non-profit clean energy education and advocacy organization comprised of thousands of Texans seeking to promote energy innovation and clean energy policies grounded in the conservative principle of common sense, market-based solutions that allow fair competition and provide greater access to clean, affordable, and reliable energy.

**Comments**

CTEI commends the Commission for its two phase approach to implementing weather emergency preparedness reliability standards. The Commission's proposal in this first phase to require generation resources and transmission services providers to implement recommendations that were developed in 2012 following extremely frigid weather experienced in February 2011 is prudent to ensure that real, near-term progress is made to improve reliability following Winter Storm Uri.

CTEI also commends the Commission for not including in its proposed rule subsidies or other financial incentives to encourage compliance with recommendations that have been available for almost a decade. A key benefit of ERCOT's energy-only market is that it provides strong

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<sup>1</sup> 46 Tex. Reg. 5694 (Sep. 10, 2021).

financial incentives for generators to be available to provide energy to the market when the energy is needed. A generator must be well maintained and ready to perform in order to serve demand when it is economical to do so and, in times of increasing need, make a profit. As a result of ERCOT's market design, Texans have benefited from efforts by electric generators to make their equipment more efficient and reliable. And generators who took steps prior to Winter Storm Uri to ensure their equipment was ready to operate even in extreme weather conditions and who had a reliable fuel supply were handsomely rewarded by high wholesale prices that well exceeded their costs of operation. While no market design is infallible and massive operational failures can adversely impact reliable operations regardless of the market design, experience has shown that the competitive ERCOT market has in place the right incentives to encourage reliable performance.

CTEI respectfully submits that appropriate government oversight and enforcement as the Commission has proposed in these rules is a reasonable response to the tragic consequences experienced as a result of electrical outages during Winter Storm Uri. In other industries where a failure to perform can have significant adverse impacts on the health and welfare of citizens, appropriate government oversight and enforcement is important. For example, in food preparation industries, the incentive to ensure clean and healthy operations is important for the economic health of the various market participants, but we still have health inspectors to ensure that appropriate standards are being observed. In the electric industry, where a lack of electricity increasingly can lead to a loss of life, similar government oversight and enforcement is a prudent compliment to strong economic signals that encourage quality performance.

As the Commission continues to work on these issues and develop additional rules, CTEI recommends that the Commission first look to strong, clear competitive market signals to

encourage appropriate behavior by market participants, and then look at government oversight and enforcement as a prudent backstop to protect the health and welfare of Texans. This balanced approach will ensure that Texans in ERCOT continue to enjoy a competitive electricity market that is the envy of the world and also know they can rely on the ERCOT market to deliver reliable electric service for years to come.

### **Conclusion**

CTEI appreciates the opportunity to provide these Comments and looks forward to working with the Commission and other interested parties on these issues.

Respectfully submitted,

A handwritten signature in black ink that reads "Matt Welch". The signature is written in a cursive, flowing style.

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